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TMT-CP019/2020

May 8, 2020

Subject: Management Discussion and Analysis for the first quarter of 2020

To: President
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited ("the Company") No. 3/2020 held on May 8, 2020, approved the interim financial information ended March 31, 2020, reviewed by the auditor of Price Waterhouse Coopers ABAS Company Limited who was approved and appointed by the Company's Board of Directors at The Board of Directors' Meeting No.1/2020 on February 24, 2020, and the Company will propose for approval by the further Annual General Meeting of Shareholders. The Company would like to clarify its operating result in the first quarter with the net profit of Baht 123.46 million, increased by 61.57% compared to the same period last year. The changes in operating result were detailed as follows:

1. Revenue from sales was Baht 3,537.60 million, decreased by 20.31% due to a decline in the average selling price of 12.79%, and sales volume dropped by 8.60% compared to the same period last year. As a consequence of the continued economic slowdown from the previous year, the government budget delay and the impact of the Coronavirus disease 2019 ("COVID 19"), have affected the overall domestic demand for steel.
2. Gross profit margin was 8.85%, an increase from 5.08% at the same period last year as a result of effective inventory and production cost management. Besides, the price direction in the 1st quarter became more stable and recovered from the 4th quarter of last year as the steel supply in the market was in equilibrium.
3. Selling expenses decreased by Baht 6.33 million or 12.27% due to the lower expenses in transportation and marketing as the reduced sales volume. Administrative expenses increased by Bath 49.89 million or 66.74% from the employee expenses, rental expense of new office space, depreciation, and the allowance for doubtful accounts of trade receivables according to the new accounting standard TFRS 9. Even though there are relief measures from the effects of COVID-19 by the Federation of Accounting Professions within 1 year, the Company still complied as the standard and will assess and monitor the impact according to the relief measures in the next quarter.

4. Interest expenses decreased by Baht 6.18 million or 21.52% compared to the same period last year by lower loan interest rates and the amount of credit usage from financial institutions that lessened following the decreasing of its working capital.

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer